

Message Text

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C O N F I D E N T I A L QUITO 1382

E. O. 11652: GDS

TAGS: PFOR, PBOR, EFIS, BEXP, EC, US

SUBJECT: ECUADOR CASP: ISSUE ONE - FISHERIES DISPUTE

REF: STATE 49056

1. SUMMARY

THIS TELEGRAM RESPONDS TO THE QUESTIONS CONTAINED IN
REFTEL CONCERNING ISSUE NUMBER ONE OF THE ECUADOR CASP.
TELEGRAMS CONCERNING THE OTHER ISSUES FOLLOW.

END SUMMARY

2. ASSISTANCE THE U. S. MIGHT PROVIDE FOR THE DEVELOP- MENT OF AN ECUADOREAN FISHING INDUSTRY:

A. THE PRIMARY ASSISTANCE THE USG MIGHT PROVIDE FOR
THE DEVELOPMENT OF THE ECUADOREAN FISHING INDUSTRY IS
THE FACILITATION OF U. S. PRIVATE INVESTMENT THROUGH
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EXPORT- IMPORT BANK CREDITS, OPIC INSURANCE AND
ESPECIALLY THE RECRUITMENT OF US FIRMS TO PARTICIPATE.
THIS IS ALSO THE KIND OF HELP THAT THE GOE WANTS. SEE

QUITO 1062.

3. TYPE OF FISHING INDUSTRY:

A. THE GOE DESIRES A FISHING INDUSTRY CAPABLE OF CATCHING ABOUT 80,000 TONS OF TUNA ANNUALLY IN ECUADOREAN-CLAIMED OR ZONED WATERS. FYI: THIS IS THE AMOUNT OF TUNA WHICH THE GOE THINKS MAY SAFELY BE CAUGHT OFF ECUADOR IN A YEAR IN TERMS OF CONSERVATION. END FYI. THE GOE DOES NOT PRESENTLY CONTEMPLATE A TUNA FLEET OF INTERNATIONAL PROPORTIONS BUT ONE WHICH WOULD BE COMPOSED OF SHIPS OF 300 TO 400 TONS AND CAPABLE OF FISHING OFF ECUADOR FOR TUNA AND OTHER KINDS OF FISH WHEN TUNA ARE NOT IN SEASON.

B. THE OBJECTIVE OF THE ECUADOREAN TUNA INDUSTRY WOULD BE TO SUPPLY THE DOMESTIC MARKET BUT ALSO TO CATCH ALL THE TUNA AVAILABLE OFF ECUADOR. FROM THAT TUNA CATCH THE INDUSTRY WOULD SELL CANNED AND FROZEN TUNA TO THE WORLD MARKET - PRINCIPALLY THE U. S.

C. THE GOE IS PRESENTLY PLANNING TO DEVELOP THE ECUADOREAN TUNA INDUSTRY THROUGH THE SELECTION, BY BIDDING, OF A PRIME CONTRACTOR WHO WOULD BE RESPONSIBLE FOR THE ENTIRE PROJECT WHICH WOULD INCLUDE THE PROVISION OF TUNA BOATS, SHORESIDE MAINTENANCE FACILITIES, TRAINING AND TECHNICAL ASSISTANCE, REFRIGERATION AND CANNERY CONSTRUCTION, MARKETING AND MANAGEMENT ASSISTANCE, AND COMPLETE FINANCING. THE TOTAL PROJECT IS ESTIMATED BY THE GOE AT \$30 MILLION. ECUADOR'S IMPROVED FINANCIAL SITUATION FROM PETROLEUM WOULD ONLY PERMIT ECUADOR TO FINANCE A LIMITED PORTION OF THE PROJECT FROM ITS OWN RESOURCES IF IT SHOULD DECIDE TO DO SO. AT THE MOMENT IT IS SEEKING FOREIGN, PRIVATE FINANCING. (SEE QUITO 1063 AND CHAPLIN- RIVADENEIRA MEMCON OF MARCH 1, 1973.)

4. HOW US ASSISTANCE IN THE DEVELOPMENT OF THE ECUADOREAN FISHING INDUSTRY MAY HELP THE
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US- ECUADOREAN FISHERIES DISPUTE:

A. AS REPORTED IN QUITO 1120, THE NATURE OF THE US- ECUADOREAN FISHERIES DISPUTE HAS CHANGED SIGNIFICANTLY. THE ORIGINAL PROBLEM WAS THAT, BECAUSE OF ECUADOR'S CLAIM TO TERRITORIAL SOVEREIGNTY AND JURISDICTION OUT TO 200 NNAUTICAL MILES, THE GOE INSISTED, FOR REASONS OF NATIONAL DIGNITY AND HONOR, THAT FOREIGN FLAG FISHING VESSELS BUY ECUADOREAN LICENSES IF THEY WANTED TO FISH IN ECUADOREAN-CLAIMED WATERS. IN SHORT, THE FOCUS WAS ON THE LOS AND

NATIONALIST ASPECTS OF THE PROBLEM. HENCE UNTIL DECEMBER 1972 OUR OBJECTIVE WAS AN INTERIM SOLUTION (PENDING THE RESULTS OF THE LOS CONFERENCE) WHICH WOULD PERMIT US TO PAY THE LICENSE FEES WITHOUT PREJUDICING OUR LOS POSITION. NOW WE FIND THAT THE GOE IS MOVING FROM AN LOS- BASED POSITION TO ONE BASED ON CONSERVATION AND AN EXCLUSIVE FISHING ZONE. AS STATED ABOVE, THE ULTIMATE PURPOSE OF THE CREATION OF AN ECUADOREAN FISHING INDUSTRY IS TO ENABLE ECUADOR TO FISH ITS OWN CLAIMED OR ZONED WATERS TO THE EXCLUSION OF FOREIGN FLAG SHIPS. IN SHORT, MORE IMPORTANT THAN THE PROBLEM OF HOW TO PAY THE LICENSE FEES IS NOW HOW TO AVOID THE EXCLUSION OF US FISHING INTERESTS FROM ECUADOR AND ITS CLAIMED OR ZONED WATERS.

D. SINCE THE GOE IS MOVING TO A POLICY OF EXCLUSION AND THE ESTABLISHMENT OF A FISHING INDUSTRY IS A PART OF THAT EFFORT, US ASSISTANCE WILL NOT NECESSARILY RESULT IN GOE ACQUIESCENCE IN CONTINUED OPERATIONS OF US FLAG FISHING VESSELS OFF ECUADOR IN THE LONG TERM.

C. ON THE OTHER HAND, A US REFUSAL TO PARTICIPATE IN THE ESTABLISHMENT OF AN ECUADOREAN FISHING INDUSTRY WILL CERTAINLY NOT RESULT IN GOE ACQUIESCENCE IN FISHING BY US FLAG VESSELS BUT IT WOULD CAUSE US TO LOSE TO SOME OTHER COUNTRY THE OPPORTUNITY TO INCREASE OUR PARTICIPATION IN THE ECUADOREAN FISHING INDUSTRY.

D. THE BASIC US OBJECTIVE IN ASSISTANCE TO THE ECUADOREAN FISHING INDUSTRY, IN OUR VIEW, IS TO ASSURE US PARTICIPATION IN AN EXPANDED, ECUADOREAN- BASED INDUSTRY. THE NATURE OF THE FISHERIES PROBLEM IS
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NOW DIFFERENT, AND WE NO LONGER APPEAR TO HAVE THE REAL POSSIBILITY OF PERSERVING THE ACCESS OF US FLAG FISHING VESSELS IN RETURN FOR SOME OTHER ACTION ON OUR PART. THE PROBLEM NOW IS WHAT CAN WE SALVAGE FROM THE SITUATION, AND INCREASED U. S. PARTICIPATION IN THE ECUADOREAN FISHING INDUSTRY LOOKS LIKE PART OF THE ANSWER.

5. WILL ASSISTANCE WIN GOE SUPPORT FOR INTERNATIONAL FISHING REGULATORY AGREEMENTS?

A. WE DOUBT THAT US ASSISTANCE PER SE WILL WIN GOE SUPPORT FOR AND PARTICIPATION IN INTERNATIONAL REGULATORY AGREEMENTS COVERING TUNA OVV ECUADOR. HOWEVER, THE GOE IS CONCERNED ABOUT TUNA CONSERVATION AND HAS SUGGESTED TO US THAT INTERNATIONAL REGULATION IS DESIRABLE BUT UNDER UN SPONSORSHIP. (SEE CHAPLIN-RIVADENEIRA MEMCON.) WE SUSPECT THAT AS THE ECUADOREAN

FISHING INDUSTRY EXPANDS, THE GOE WILL BEGIN TO PRESS FOR SUCH A REGULATORY ORGANIZATION.

6. GOE CAPABILITY TO EXCLUDE FOREIGN FLAG VESSELS:

A. IN OUR OPINION THE GOE WOULD BE ABLE TO EXECUTE A POLICY OF EXCLUSION BY USING ITS SMALL NAVY, SPOTTER PLANES, AND IF NECESSARY ELEMENTS OF ITS AIR FORCE. SUCH AN EXERCISE WOULD SEVERLY STRAIN THE NAVY; BUT THE FISHING SEASON IS FAIRLY SHORT, AND THE FISH ARE USUALLY CONCENTRATED SO THAT THE NAVY WOULD NOT HAVE TO COVER MUCH AREA FOR VERY LONG. EVEN IF THE NAVY COULD NOT CATCH ALL TRESPASSING SHIPS, ITS EFFORTS TO DO SO (INCLUDING PERHAPS THE CUTTING OF NET CABLES) COULD MAKE FISHING EXTREMELY DIFFICULT.

7. EFFECTS OF EXCLUSION:

A. THE REAL DANGER IN EXCLUSION IS WHAT MAY EVENTUALLY HAPPEN TO THOSE SHIPS AND CAPTAINS WHO ARE ARRESTED. SINCE THE PURPOSE OF EXCLUSION IS DIFFERENT FROM THE PRESENT POLICY OF ALLOWING FOREIGN FISHING UNDER LICENSE, THE TREATMENT OF DISINCENTIVE TO CAPTURED SHIPS AND CAPTAINS IS LIKELY TO BE DIFFERENT. THE POSSIBILITY THAT CAPTAINS MAY BE ARRESTED AND BRIEFLY

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IMPRISONED HAS ALREADY BEEN REPORTED IN QUITO 1013. THE LIKELIHOOD OF GREATLY INCREASED FINES HAS BEEN REPORTED IN QUITO 4433. OTHER POSSIBILITIES ALSO EXIST SUCH AS THE CONFISCATION OF CATCH, CONFISCATION OF VESSELS, AND THE CHANCE OF A SERIOUS INCIDENT.

B. IN SHORT, THE CONSEQUENCES OF FOREIGN FLAG FISHING IN AN EXCLUSIVE ZONE ARE LIKELY TO BE MORE DAMAGING AND SERIOUS THAN IS THE PRESENT SITUATION. HENCE US-ECUADOREAN RELATIONS ARE LIKELY TO WORSEN AS EXCLUSION PROGRESSES. THEREFORE, THE CURRENT DAMAGE LIMITING POLICY IS LIKELY TO BECOME MORE AND MORE DIFFICULT TO IMPLEMENT SINCE THE DAMAGE LEVEL WILL PROBABLY BE RISING.

C. THE AID/ E MISSION WILL BE INCREASINGLY THREATENED BY THE IMPROVING PROBABILITY OF US USE OF THE SANCTIONS IN HR 7117.

8. WE DOUBT THAT THIS DOWNWARD TREND IN US- ECUADOREAN RELATIONS WOULD ADVERSELY AFFECT THE US PRIVATE INTERESTS ASSISTING IN THE DEVELOPMENT OF THE ECUADOREAN FISHING INDUSTRY BECAUSE THE GOE HAS HITHERTO DEMONSTRATED ITS INTENTION AND ABILITY TO KEEP THE FISHERIES PROBLEM

SEPARATE FROM OTHER MATTERS, SUCH AS PETROLEUM, EXCEPT
WHEN THE USG LINKS THEM TO RETALIATORY LEGISLATION -
VIZ. MILITARY ASSISTANCE AND USAID. BURNS UNQUOTE
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